

# GIC Public Hearing

*February 6, 2008*



**Commonwealth of Massachusetts  
Group Insurance Commission**

*Your  
Benefits  
Connection*

# Health Care Challenges Continue



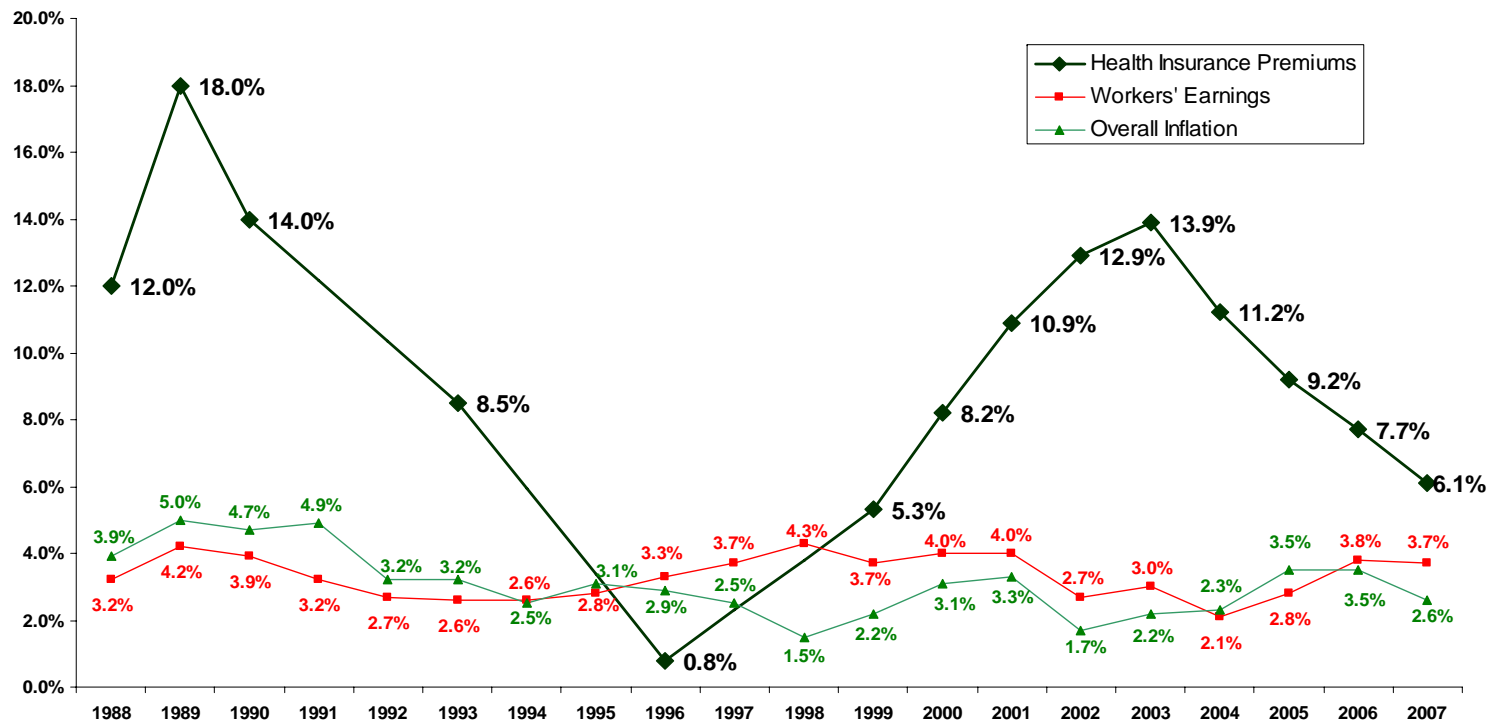
COST



QUALITY

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## Exhibit 1: Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2007



Note: Data on premium increases reflect the cost of health insurance premiums for a family of four. The average premium increase is weighted by covered workers.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999-2007; KPMG Survey of Employer-Sponsored Health Benefits, 1993, 1996; The Health Insurance Association of America (HIAA), 1988, 1989, 1990; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1988-2007; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1988-2007 (April to April).

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# Employers' Likelihood of Making Benefit Changes Next Year

	Very Likely	Somewhat Likely	Not Too Likely	Not At All Likely	Don't Know
<b>Increase the Amount Employees Pay for Health Insurance</b>	21%	24%	21%	33%	<1%
<b>Increase the Amount Employees Pay for Prescription Drugs</b>	11%	30%	31%	26%	2%
<b>Increase the Amount Employees Pay for Deductibles</b>	12%	25%	28%	34%	1%
<b>Increase the Amount Employees Pay for Office Visit Copays or Coinsurance</b>	13%	29%	28%	28%	2%
<b>Introduce Tiered Cost Sharing for Doctor Visits and Hospital Stays</b>	7%	16%	39%	35%	3%
<b>Restrict Employees Eligibility for Coverage</b>	<1%	4%	29%	64%	3%
<b>Drop Coverage Entirely</b>	1%	2%	15%	82%	<1%
<b>Offer High Deductible Health Plan/Health Reimb. Account‡</b>	3%	21%	30%	46%	<1%
<b>Offer HSA Qualified HDHP‡</b>	2%	18%	32%	45%	3%



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# Massachusetts Trends 500+ Employees

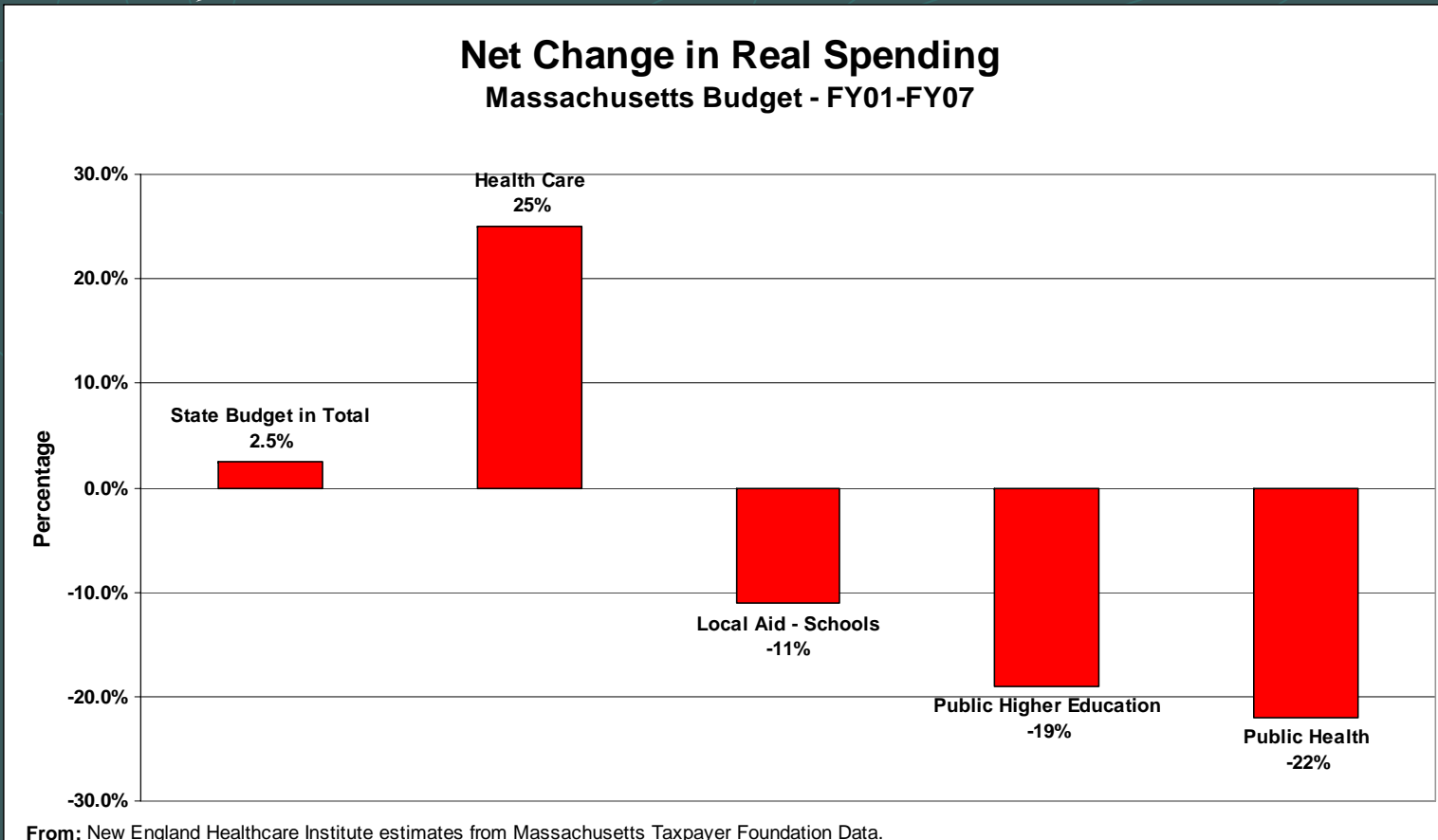
- Expected premium increase for 2008
  - 8.7% before making benefit changes
  - 6.2% after making benefit changes
- 30% - average premium percentage paid for family coverage in PPO plans
- 22% - use salary-based cost sharing
- Average co-pays HMO plans: \$75 ER, \$250 hospital, \$20 physician office visit

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# State Budget - \$1.3 billion gap; health care costs represent 45% of budget



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# GIC - Early Advocate for Improved Health Care Quality

- Mental Health Parity
- Leapfrog Group
- Early Risk Intervention Program
- Clinical Performance Improvement (CPI) Initiative

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# Others Have Joined the Cause

- Medicare – won't pay for "never" events
- Mass Health Care Quality and Cost Council
- Department of Public Health – regulations on hospital-acquired infections
- Beth Israel Deaconess Hospital – quality, safety and patient satisfaction initiative
- Partnership for Healthcare Excellence

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# What are the Options We've Considered to Address Health Care Quality & Cost?

→ Increase Premiums ☒

● Increase Co-Pays ☒

● Establish Disease Management Programs ☒

● Tier Pharmaceuticals ☒

● Pay For Performance Not Now

● High Deductible Plans No

● Eliminate Retiree Benefits No

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# What's Left?

- Look at the health care system itself
- Get Providers to be part of the solution



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# Why is the GIC Pursuing the CPI Initiative?



- Control cost increases for enrollees and the Commonwealth
- Maintain comprehensive level of benefits
- Improve health care quality and safety
- Maintain participants' choice of providers
- Inform enrollees about provider performance
- Encourage members to become active health care consumers

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# To Do List – Employees and Non-Medicare Retirees

During Annual Enrollment – Research your health plan options

- ✓ Contact the health plans you're considering to see which co-pay tier your doctors and hospitals are in

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# How to Lower Out-of-Pocket Costs – Employees and Non-Medicare Retirees

## After Annual Enrollment

- ✓ Don't be a passive consumer!
- ✓ Tier 1 providers are top value providers
- ✓ Consider their rankings before you select (and save \$) a provider
- ✓ Before you visit a doctor or are admitted to the hospital (non-emergency), find out your co-pay for the doctor or hospital

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# Governor's Budget FY09

- Premium percentage based on ability to pay rather than date of hire
- Proposal for state employees' premium contribution:
  - Salaries less than \$35,000 – 15%
  - Salaries \$35,000-\$50,000 – 20%
  - Salaries over \$50,000 – 25%
- State retirees held harmless; municipalities determine their own premium percentages
- Final state enrollee premium percentage determined by legislature late spring

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# GIC Benefit Changes for FY09

- All health plans out to bid – Medicare plans under special scrutiny
- Mental health provider for Indemnity and Navigator by Tufts Health Plan out to bid – carrier could change
- Health plan carriers and benefits and mental health carrier determined February 15

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# Benefit Changes July 1, 2008

- Vision benefits standardized across all employee and Non-Medicare retiree health plans; one eye exam every 24 months
- Indemnity Plan names will change to:
  - UniCare State Indemnity Plan/Basic
  - UniCare State Indemnity Plan/Community Choice
  - UniCare State Indemnity Plan/Medicare Extension (OME)
  - UniCare State Indemnity Plan/PLUS
- Separate HMO enrollment form no longer necessary for Non-Medicare HMOs – simply use GIC Form-1

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# Benefit Changes 7/1/08

## Evolution of CPI Initiative Will Continue

- Physician office visit co-pays will migrate to three tiers for PCPs and Specialists based on quality and cost-effectiveness standards:

★ ★ ★ Tier 1

★ ★ Tier 2

★ Tier 3

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# Possible Changes to Address Concern with GIC Budget

- Increases in some co-pays or deductibles likely:
  - Outpatient surgery
  - Inpatient hospital admissions
- No benefit changes anticipated for prescription drugs
- Mental health outpatient office visit co-pays could increase to align with medical co-pays in some plans

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# Medicare Health Plan Changes

- 
- Plan options may change
  - No benefit changes anticipated with current plans still offered

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# Other Benefit Changes for State Employees

- Opportunity to enroll in or increase optional life insurance coverage up to four times salary during year without a medical form within 31 days of the following family status changes:
  - Marriage
  - Divorce
  - Death of a spouse
  - Birth or adoption of a child
- This enhancement will go into effect in Fall 2008

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# Municipalities May Now Join the GLC for Health Coverage

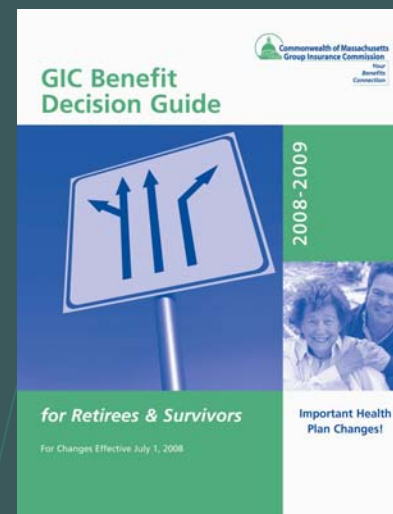
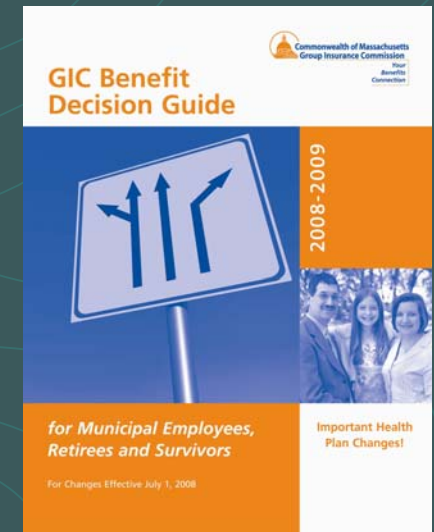
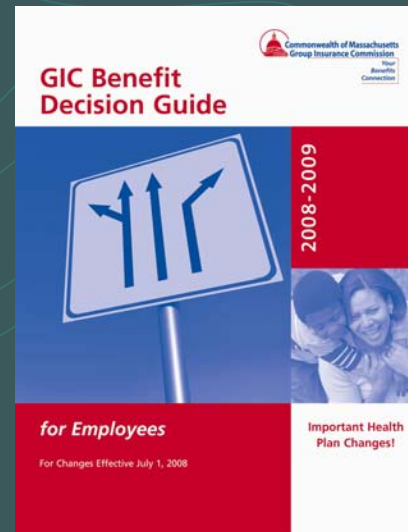
## New Municipalities for July 1, 2008

- Athol-Royalston Regional School District
- Groveland
- Gill-Montague Regional School District
- Hawlemont Regional School District
- Holbrook
- Millis
- Mohawk Trail Regional School District
- Old Colony Planning Council
- Saugus (January 1, 2008)
- Southeastern Regional Planning & Economic Development District
- Winthrop

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# Weigh Your Options

Annual Enrollment:  
April 14 – May 16 for  
changes effective  
July 1, 2008



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# How to Choose

- 
- Read your *Benefit Decision Guide*
  - Contact your current health plan and plans you are considering for additional benefit and provider details
  - See the GIC's website
  - Attend a health fair – *(schedule is on website now)*

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# Make Your Decisions No Later Than May 16, 2008

- Active state employees – give forms to your GIC Coordinator
- State retirees/survivors – send forms to the GIC
- Municipal/other new entity employees/retirees – send forms and required documents to your benefits office

May						2008
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

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